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Docket No. R2001-1

USPS-LR-J-105

First-Class Mail Base Year 00 Weight Studies

(Provided In Partial Response to OCA/USPS-15 and 17)

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I. Introduction

This is a Category 4 library reference provided in partial response to interrogatories OCA/USPS-15 and 17. It provides the supporting documentation and analyses used to estimate base year volume-variable costs by weight increment for First-Class single piece and presort mail.

Other testimony and library references referred to in this library reference include:

- USPS-LR-J-46 for BY00 CRA costs
- USPS-LR-J-10 for the IOCS data set
- USPS-LR-J-112 for volumes by shape and weight increment

II. Organization

Table 1 provides the cost data requested in parts b, c, d, and f in OCA/USPS-15 and 17. This table is provided in Excel workbook OCA1517.xls.

The underlying mail processing and window service costs by weight increment for clerks and mailhandlers are calculated using the identical methodology to that used in USPS-LR-J-58. The only difference is that base year piggyback factors and cost ratios are applied instead of test year factors.

Table 1: Cost Data in Response to OCA/USPS-15, 17 (parts b, c, d, and f)**Total Base Year Volume Variable Costs for First-Class Letters and Parcels**

Interrogatory		
<u>Response</u>	<u>Category</u>	<u>Total Cost (\$000)</u>
15b	Letter-Shaped Mail	\$13,247,873
	Flat-Shaped Mail	\$3,055,754
	Non-letter/Non-Flat Mail	\$631,685
15c	Letter-Shaped Mail Subject to Non-Standard Surcharge	not available
	Flat-Shaped Mail Subject to Non-Standard Surcharge	\$439,487
	Non-letter/Non-Flat Mail Subject to Non-Standard Surcharge	\$57,349
15d	Letter-Shaped Mail Subject to Non-Standard Surcharge, Discounted	not available
	Flat-Shaped Mail Subject to Non-Standard Surcharge, Discounted	\$89,419
	Non-letter/Non-Flat Mail Subject to Non-Standard Surcharge, Discounted	\$17,628
15f	Letter-Shaped Mail, Discounted	\$4,120,015
	Flat-Shaped Mail, Discounted	\$308,658
	Non-letter/Non-Flat Mail, Discounted	\$29,114

Base Year Unit Volume Variable Costs for First-Class Letters and Parcels

Interrogatory		
<u>Response</u>	<u>Category</u>	<u>Unit Cost</u>
17b	Letter-Shaped Mail	\$0.16
	Flat-Shaped Mail	\$0.55
	Non-letter/Non-Flat Mail	\$1.30
17c	Letter-Shaped Mail Subject to Non-Standard Surcharge	not available
	Flat-Shaped Mail Subject to Non-Standard Surcharge	\$0.91
	Non-letter/Non-Flat Mail Subject to Non-Standard Surcharge	\$1.47
17d	Letter-Shaped Mail Subject to Non-Standard Surcharge, Discounted	not available
	Flat-Shaped Mail Subject to Non-Standard Surcharge, Discounted	\$0.64
	Non-letter/Non-Flat Mail Subject to Non-Standard Surcharge, Discounted	\$2.75
17f	Letter-Shaped Mail, Discounted	\$0.09
	Flat-Shaped Mail, Discounted	\$0.42
	Non-letter/Non-Flat Mail, Discounted	\$2.92

Appendix A: Program Documentation

This library reference uses the identical FORTRAN programs as described in USPS-LR-J-58 to generate the underlying costs for Clerks/Mailhandlers mail processing and window service, as well as City Carrier In-Office. The following Microsoft Excel workbooks are used to generate and report the First-Class base year costs by weight increment.

Workbook: **Mail Proc by Wgt BY00 New.xls** – Summarizes the BY00 mail processing volume-variable cost estimates for all offices by subclass, cost pool, shape, and weight increment. Applies base year piggyback factors, cost ratios, and reconciliation factors.

Input: **mod00_wgt2.csv** – Estimated mail processing volume-variable costs for selected subclasses by cost pool, shape, and weight category for MODS 1&2 offices (USPS-LR-J-58)
bmc00_wgt2.csv – Estimated mail processing volume-variable costs for selected subclasses by cost pool, shape, and weight category for BMCs (USPS-LR-J-58)
nmod00_wgt2.csv – Estimated mail processing volume-variable costs for selected subclasses by cost pool, shape, and weight category for Non-MODS offices (USPS-LR-J-58)
Base Year 00 Piggyback Factors, Cost Ratios, and Reconciliation Factors (USPS-LR-J-46)

Workbook: **LR105ASP.xls** – Develops base year First-Class single piece unit costs by shape by weight increment.

Input: **Mail Proc by Wgt BY00 New.xls** – BY00 mail processing costs by shape by weight increment
Win Wgt BY00 New.xls – BY00 window service volume-variable costs by shape by weight increment (USPS-LR-J-58)
CC Costs BY00 New.xls – BY00 City Carrier Costs by shape by weight increment (USPS-LR-J-58)
USPS-LR-J-112 – BY00 volume and weight by shape by weight increment
USPS-LR-J-46 – Base year CRA costs

Workbook: **LR105PRE.xls** – Develops test year First-Class presort unit costs by shape by weight increment.

Input: **Mail Proc by Wgt BY00 New.xls** – BY00 mail processing costs by shape by weight increment
Win Wgt BY00 New.xls – BY00 window service volume-variable costs by shape by weight increment (USPS-LR-J-58)
CC Costs BY00 New.xls – BY00 City Carrier Costs by shape by weight increment (USPS-LR-J-58)
USPS-LR-J-112 – BY00 volume and weight by shape by weight increment
USPS-LR-J-46 – Base year CRA costs